

Maine Revised Statutes
Title 10: COMMERCE AND TRADE
Chapter 110: FINANCE AUTHORITY OF MAINE

§1012. MAINE NATURAL DISASTER BUSINESS ASSISTANCE PROGRAM

1. Purpose. The authority shall administer the Maine Natural Disaster Business Assistance Program for the purpose of providing assistance to businesses that are victims of natural disasters which have caused the State or portions of the State to be declared disaster areas by the President of the United States or his authorized representative.

[1987, c. 159, §1 (NEW) .]

2. Eligibility. Any eligible enterprise, as defined in section 963-A, subsection 9, shall be eligible for financial assistance under the program provided that:

- A. The applicant has suffered serious financial hardship as a direct result of a natural disaster; [1987, c. 159, §1 (NEW) .]
- B. The applicant has insufficient access to federal or other disaster funds or other financial assistance on a timely basis other than pursuant to this program; and [1987, c. 159, §1 (NEW) .]
- C. The applicant is a business enterprise operated for profit. [1987, c. 159, §1 (NEW) .]

[1987, c. 159, §1 (NEW) .]

3. Operation. Financial assistance under the program shall be used for the purpose of assisting eligible enterprises in recovering from the effects of natural disasters. The program may be administered in conjunction with other programs of the authority. Money in the fund may be used:

- A. To provide direct loans to eligible enterprises; [1987, c. 159, §1 (NEW) .]
- B. As security for loans from financial institutions to eligible enterprises; and [1987, c. 159, §1 (NEW) .]
- C. To provide direct interim financing to eligible applicants pending receipt of federal disaster funds or financial assistance from other sources, which funds or financial assistance will be used to repay the interim loan from the authority. [1987, c. 159, §1 (NEW) .]

[1987, c. 159, §1 (NEW) .]

4. Criteria. No financial assistance may be approved unless the authority determines that there is a reasonable likelihood that the applicant will be able to repay any loan made or secured under the program, that the applicant has demonstrated that it has insufficient access to other sources of funds and that the financial assistance is needed to assure the recovery of the applicant from the effects of the natural disaster. All applications must be received not later than June 30, 1987. The authority, by rules adopted in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, may establish temporary reservations for geographic areas of the State and may establish such other criteria as may be consistent with the purposes of the program.

[1987, c. 159, §1 (NEW) .]

5. Limitations on financial assistance. Financial assistance under this subchapter shall be subject to the following limitations.

A. The initial term of financial assistance to applicants who are eligible to apply for federal funds as a result of a natural disaster shall not exceed 6 months. If federal funds are not available within the initial 6-month term to repay loans made or secured under this subchapter, the authority may extend the financial assistance or convert a loan from a financial institution secured under this subchapter to a direct loan for such term and on such conditions as may be appropriate and consistent with the purposes of this subchapter. [1987, c. 159, §1 (NEW).]

B. Loans pursuant to this subchapter shall ordinarily be made at interest rates not exceeding the prime rate of interest as reported in national financial publications and for terms not exceeding 20 years, provided that the authority may in its discretion vary those limitations if necessary to ensure the viability of the enterprise and repayment of the loan, and provided further that the authority may charge a higher rate of interest after default. [1987, c. 159, §1 (NEW).]

C. Loans made or secured under this subchapter shall be secured by such collateral, including personal guarantees, as may be reasonably available. The authority may provide financial assistance with less than adequate collateral when the applicant is credit worthy and demonstrates the ability to repay the loan. [1987, c. 159, §1 (NEW).]

D. The amount of financial assistance to an applicant from the fund shall not exceed \$50,000, provided that the initial amount of each loan shall not exceed the minimum amount necessary for operation of the applicant's business during the initial 6-month term, as determined by the authority. [1987, c. 159, §1 (NEW).]

E. The authority may agree to deposit money from the fund with a financial institution to secure a loan to an eligible applicant and may waive the payment to the authority of some or all of the interest accruing on such deposit, provided that the applicant receives a reduced interest rate as a result of the deposit. [1987, c. 159, §1 (NEW).]

F. The authority may impose and collect a penalty of an amount not to exceed 50% of the amount of principal, interest and other charges due from a recipient of financial assistance under this subchapter in any case when the authority determines that the recipient has willfully applied the financial assistance to purposes or uses other than those purposes or uses approved by the authority or when the recipient has willfully failed to promptly repay the financial assistance with federal or other disaster funds available for that purpose as required by the authority. [1987, c. 159, §1 (NEW).]

G. Money from the fund shall not be released to or for the benefit of recipients until all applicable local, state and federal permits have been issued, and, for recipients located in flood plains, evidence of flood insurance has been provided. [1987, c. 159, §1 (NEW).]

[1987, c. 159, §1 (NEW) .]

SECTION HISTORY

1987, c. 159, §1 (NEW).

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